MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2021/2022

DFA5014 – FINANCIAL ACCOUNTING 1

(All sections / Groups)

22 NOVEMBER 2021
9.00 a.m. to 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 4 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Uriah just started a laundry service shop, Kleen Services, near Multimedia University in Bukit Bruang on 1 November 2021. He operates the shop as a sole proprietor and the following transactions occurred during the month of November.

Nov 1	Invested RM38,000 cash and equipment worth RM10,000 to start the business.
3	Purchased additional equipment for RM8,000; paying RM3,000 cash and the remainder due in 60 days.
5	Purchased laundry supplies for RM1,500 cash.
6	Paid RM600 for current month's rent.
11	Billed Victory Basketball Club for laundry service, RM300.
14	Received a bill for RM100 for advertising in the local newsletters.
17	Earned RM500 for laundry services provided: RM200 cash was received and the balance is billed to customers on account.
19	Purchased furniture and fittings on account for the shop, RM1,200.
21	Withdrew RM400 to pay for house repair works.
22	Received payment from Victory Basketball Club.
24	Paid the amount due for the advertising incurred on 14 November.
29	Paid salaries for the current month, RM2,500.
30	Received utilities bill for RM200, which will be paid next month.

Required

(a) Journalise the November transactions. (15 marks)

(b) Prepare the T-account for Cash. (6 marks)

(c) In line with the Conceptual Framework for Financial Reporting, there are a few assumptions that Uriah needs to make when preparing his company's financial statements. Briefly explain any **TWO (2)** of these assumptions. (2 marks)

(d) List **TWO (2)** internal users and **TWO (2)** external users who may benefit from the financial statements prepared by Uriah. (2 marks)

(Total: 25 marks)

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QUESTION 2

The Trial Balance for Xeda Enterprise as of 31 December 2021 contained the following accounts.

Debit		Credit	
Cash	RM6,900	Accumulated depreciation–Equipment	RM5,700
Accounts receivable	12,400	Notes payable	5,000
Supplies	5,200	Accounts payable	7,700
Prepaid insurance	1,200	Unearned revenue	4,600
Equipment	35,000	Xynn, Capital	20,000
Salaries expense	6,600	Service revenue	26,400
Xynn, Drawings	2,100		
	RM69,400		**RM69,400**

At the end of the month, the company's accountant analysed the following adjustments that needed to be made.

- Supplies on hand was RM3,000.
- Equipment is depreciated RM300 per month.
- Prepaid insurance is the cost of a 1-year insurance policy, effective 1 December 2021.
- Salaries still owing to employees, RM2,500.
- Services related to unearned revenue of RM4,000 have been earned.
- Services provided but not collected in cash, RM1,800.

Required

(a) Journalise the adjusting entries. (6.5 marks)

(b) Prepare a Statement of Profit or Loss. (4 marks)

(c) Prepare a Statement of Changes in Equity. (3 marks)

(d) Prepare a classified Statement of Financial Position. The notes payable is due in year 2023. (9.5 marks)

(e) State the differences between depreciation expense and accumulated depreciation in terms of the following:
   (i) Type of account
   (ii) Normal balance

(2 marks)

(Total: 25 marks)

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QUESTION 3

The Adjusted Trial Balance of Alamanda Enterprise as at 31 December 2021 is presented below.

Alamanda Enterprise
Adjusted Trial Balance as at 31 December 2021

	Debit (RM)	Credit (RM)
Cash	15,200	
Accounts receivable	27,000	
Supplies	5,800	
Prepaid rent	5,000	
Motor vehicle	80,000	
Accumulated depreciation – Motor vehicle		24,000
Equipment	67,000	
Accumulated depreciation – Equipment		26,800
Notes payable		37,500
Accounts payable		15,300
Salaries payable		9,000
Interest payable		1,500
Alina, Capital		81,800
Alina, Drawings	8,000	
Service revenue		152,500
Salaries expense	70,000	
Advertising expense	22,500	
Rent expense	16,800	
Supplies expense	11,300	
Depreciation expense – Motor vehicle	8,000	
Depreciation expense - Equipment	6,700	
Insurance expense	3,600	
Interest expense	1,500	
	RM348,400	**RM348,400**

Required

(a) Prepare the closing entries. (8 marks)

(b) Post the related closing entries to Income Summary and Alina, Capital T-account. (3.5 marks)

(c) Prepare a Post-closing Trial Balance. (7.5 marks)

(d) Briefly explain the following for current assets **and** current liabilities:
(i) Definition; (2 marks)
(ii) How are they presented in the Statement of Financial Position; (2 marks)
(iii) **TWO (2)** examples of each. (2 marks)

(Total: 25 marks)

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QUESTION 4

Part A

On 30 November 2021, Delight Deli had a cash balance per books of RM11,251. The bank statement on that date showed a balance of RM11,528. A comparison of the statement with the cash account maintained by the company revealed the following information:

1. Deposits in transit as at 30 November 2021 were RM3,449 and outstanding cheques totalled RM1,034.
2. A RM4,500 note receivable was collected by the bank for Delight Deli, plus RM270. The bank charged a collection fee of RM20. No interest has been accrued on the note.
3. On 19 November, the company issued a cheque for RM1,233 to Elegant Trading. The cheque which cleared the bank was incorrectly journalised and posted by Delight Deli for RM1,322.
4. Receipts of RM1,505 were deposited in the bank on 25 November. The cash receipts journal entry was incorrectly made for RM1,550. The bank credited Delight Deli's account correctly.
5. The bank statement includes a RM828 deduction for a cheque drawn by Delight Food. Delight Deli notified the bank on this error.
6. The statement included a debit memo of RM50 for the printing of additional company cheques.
7. On 30 November, the bank statement showed an NSF charge of RM1,224 for a cheque issued by Fresh Fruits Sdn. Bhd., a customer on account to Delight Deli.

Required

(a) Prepare a bank reconciliation at 30 November 2021. (8.5 marks)

(b) Prepare the adjusting entries based on the reconciliation.
(Hint: The correction of any errors pertaining to recording cheques should be made to Accounts Payable. The correction of any errors relating to recording cash receipts should be made to Accounts Receivable).
(6.5 marks)

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Part B

On 1 November 2021, G-Sub Enterprise created a petty cash fund with an imprest balance of RM800. During November, Ji Sung, the fund custodian, signs the following petty cash tickets:

No.	Item	Amount
001	Lunch entertaining supplier	RM110
002	A4 paper and stationery	239
003	Postage for packages	26
004	Taxi fare to meet potential customer	37
005	Printer cartridges	250
006	Part time cleaner wages	100

On 30 November, prior to replenishment, the fund contains these tickets plus cash of RM35. The accounts affected by the above petty cash payments are: Wages expense, entertainment expense, office supplies expense, postage expense and travelling expense.

Required

(a) Prepare the journal entry to establish the petty cash fund. (1.5 marks)

(b) On 30 November, how much cash should the petty cash fund hold before it is replenished? (1 mark)

(c) Prepare the journal entries to replenish it. (3.5 marks)

(d) Prepare the journal entry on 1 December to increase the fund balance to RM1,000. (1 mark)

(e) Briefly explain **THREE (3)** internal control features that exist in a petty cash fund. (3 marks)

(Total: 25 marks)

End of Paper